



Department of Justice

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JUSTICE DEPARTMENT REQUIRES SARDINES DIVESTITURE IN CONNORS BROS. ACQUISITION OF BUMBLE BEE

Divestiture of Port Clyde Sardine Business Preserves Competition for American Consumers

WASHINGTON, D.C. – The Justice Department today announced that it reached a settlement requiring Connors Bros. to divest its Port Clyde sardine snack business in order to prevent competitive harm from Connors' acquisition of Bumble Bee. The Department said that without the divestiture, the recent combination of Connors and Bumble Bee would have resulted in higher prices for U.S. consumers of mainstream canned sardine snack products.

The Department's Antitrust Division filed a civil lawsuit today in U.S. District Court in Washington, D.C. to challenge the combination. At the same time, the Antitrust Division filed a proposed settlement that, if approved by the court, would resolve the Antitrust Division's competitive concerns and the lawsuit.

"This settlement will allow a new competitor to enter with a strong, recognized brand, and it will preserve the benefits of competition," said R. Hewitt Pate, Assistant Attorney General in charge of the Department's Antitrust Division. "Without the divestiture, the acquisition would have consolidated all four leading mainstream sardine snack brands, and created a near monopoly in sardine snack products."

According to the complaint, Connors and Bumble Bee were the only two significant sellers of mainstream sardine snacks and competed against each other throughout the country

until the acquisition. Connors and Bumble Bee owned the four dominant sardine snack brands (Connors' Brunswick, Beach Cliff, and Port Clyde brands and Bumble Bee's own brand).

Before Connors and Bumble Bee closed their transaction on April 30, 2004, the deadline to close under Canadian investment law, they entered into two agreements with the Department. First, Connors and Bumble Bee agreed to certain divestitures if the Department in its sole discretion determined they were necessary. Second, Connors and Bumble Bee agreed to hold separate their sardine businesses. After a thorough investigation, the Department concluded that a divestiture was necessary in the mainstream sardine snack business in order to maintain competition. The Department will have final approval of the third party who will ultimately purchase the Port Clyde sardine snack business.

Connors is a Canadian income trust with its headquarters in Blacks Harbour, New Brunswick, Canada. In addition to sardine snack products, it sells other canned seafood products such as kippered herring snacks, fish steaks, shrimp, anchovies and oysters, as well as fish meal and fish oil. Connors operates four canning and processing facilities, two in Maine and two in New Brunswick, Canada. Its total sales of sardine snacks exceeded \$43 million in 2003.

Bumble Bee is a Delaware limited liability corporation with its headquarters in San Diego. In addition to sardine snack products, Bumble Bee is a leading seller of canned seafood products. It is one of the three largest sellers of tuna in the United States, and a leading seller of other canned seafood products, such as premium sardines, salmon, mackerel and scallops. Bumble Bee reported U.S. sardine snack sales of approximately \$9 million in 2003.

As required by the Tunney Act, the proposed settlement will be published in *The Federal Register*, along with the Department's Competitive Impact Statement. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to Roger

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Antitrust Division, 325 7th Street N.W., Suite 500, Washington, D.C. 20530, (202-307-6351).

At the conclusion of the 60-day comment period, the U.S. District Court for the District
of Columbia may enter the settlement upon finding that it serves the public interest.

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